

11/09/04

**THE STATE OF NEW HAMPSHIRE**  
**PUBLIC UTILITIES COMMISSION**

**DE 04-197**

**ORDER OF NOTICE**

On October 26, 2004, Unitil Energy Systems, Inc. (Unitil) filed with the New Hampshire Public Utilities Commission (Commission) a Petition for Approval of a One-Year Extension of Transition and Default Service for G1 Customers and Approval of Solicitation Process.

Unitil is a New Hampshire corporation and public utility primarily engaged in the distribution of electricity in the capital and seacoast regions of New Hampshire. Pursuant to the terms of a Settlement Agreement approved by the Commission in Docket No. DE 01-247 (NHPUC Order No. 24,046 (08/28/02) (Phase I Order)), Unitil solicited for and is currently providing Transition Service (TS) and Default Service (DS) for two customer groups: G1 customers (Unitil's large commercial and industrial customers), and Non-G1 customers (all other customers). The term established for the provision of TS and DS is three years for the Non-G1 customers (through April 30, 2006), and two years for the G1 Customers (through April 30, 2005).

The Settlement Agreement provided that the provision of TS and DS to Unitil's G1 customers may be extended for one year, to April 30, 2006. Under the Settlement Agreement, Unitil was required to file a report by November 1, 2004 regarding the status of the competitive markets for G1 customers and a recommendation regarding the continuation of service after April 30, 2005. Unitil timely submitted the current Petition in compliance with this requirement and requests a one year extension of TS and DS to G1 customers. Unitil states that such an extension would result in the termination of TS and DS to all customers at the same time. Unitil states further

that TS and DS will no longer be available to G1 customers after the contracted supply from Mirant Americas Energy, LP (Mirant) ends for this class of customers on April 30, 2005.

Unitil requests the Commission's approval to solicit supplies for the extension of the G1 TS and DS through semi-annual solicitations for each of the two six-month periods commencing on May 1, 2005 and on November 1, 2005. For the purpose of retail pricing only, Unitil requests the Commission approve the subdivision of the G1 customers into two subgroups: customers who have an average metered monthly 15 minute peak kVA demand of equal to or greater than 1,000 kVA (Large G1 Customers), and those whose average metered monthly peak kVA demand for the same period is less than 1000 kVA (Small G1 Customers). Unitil proposes to offer monthly retail pricing to the Large G1 Customers, based on the monthly variable wholesale price. Pricing for Small G1 Customers would be at a fixed rate based on the weighted average of monthly bid prices across the six-month period, with monthly pricing as an option.

The petition states that Unitil will solicit bidders to supply TS and DS during the extension period through the issuance of two separate Requests for Proposals (RFPs). Unitil intends to provide market notification of the RFP by announcing its availability electronically to all participants in NEPOOL, and, in particular, to the members of the NEPOOL Markets Committee. Unitil states that the RFP will describe the particulars of Unitil's G1 TS and DS, the related customer-switching rules, and the form of power sought. Unitil will include a proposed Power Supply Agreement with the RFP, along with a copy of its TS and DS tariffs to date. Unitil states that it will base its selection of a winning bidder on both quantitative and qualitative criteria.

Unitil also requests that the Commission approve the parameters of the process by which it seeks approval of the rates for the G1 customers which result from the Solicitation Process.

Unitil states that it will have the burden to show that it has followed the Solicitation Process approved by the Commission, that its analysis of the bids submitted is reasonable, and that it has supplied a reasonable rationale for its choice of supplier. Unitil states that if it is successful in meeting this burden, its proposed rates will be deemed market-based and should be approved. To meet the burden, Unitil intends to file a "Bid Evaluation Form" with the Commission. Unitil further proposes that the Commission allow 5 business days from the time the Company files the proposed rates, Bid Evaluation Form and other necessary documents, to conduct the review of the rates and issues its approval. Unitil states that this time frame is necessary due to the dynamic nature of the wholesale energy market.

Unitil describes the form of tariff and sample rate calculation and includes samples with its Petition.

The filing raises, inter alia, issues related to whether Unitil has complied with the Default Service and Transition Service competitive bidding requirement of RSA 374-F:3, V(c), whether it is appropriate to subdivide Unitil's G1 customer class for retail pricing purposes, whether Unitil's proposed solicitation process and schedules should be approved, and whether Unitil's proposed review and approval process for the resulting TS and DS rates should be approved.

**Based upon the foregoing, it is hereby**

**ORDERED**, that a Prehearing Conference, pursuant to N.H. Admin. Rules Puc 203.05, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on November 23, 2004 at 10:00 a.m., at which any one or more of the issues set forth in N.H. Admin Rule Puc 203.05(c) shall be considered; and it is

**FURTHER ORDERED**, that, immediately following the Prehearing Conference, Unitil, the Staff of the Commission and any Intervenors hold a Technical Session to review the petition and allow Unitil to provide any amendments or updates to its filing; and it is

**FURTHER ORDERED**, that pursuant to N.H. Admin. Rules Puc 203.01, Unitil shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than November 12, 2004, in a newspaper with statewide circulation or of general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before November 23, 2004; and it is

**FURTHER ORDERED**, that pursuant to N.H. Admin. Rule 201.05, the Commission waives, in part, the fourteen day notification requirement of N.H. Admin. Rules Puc 203.01(a); and it is

**FURTHER ORDERED**, that pursuant to N.H. Admin. Rules Puc 203.02, any party seeking to intervene in the proceeding shall submit to the Commission an original and eight copies of a Petition to Intervene with copies sent to Unitil and the Office of the Consumer Advocate on or before November 19, 2004, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interests may be affected by the proceeding, as required by N.H. Admin. Rule Puc 203.02 and RSA 541-A:32,I(b); and it is

**FURTHER ORDERED**, that any party objecting to a Petition to Intervene make said Objection on or before November 23, 2004.

By order of the Public Utilities Commission of New Hampshire this ninth day of  
November, 2004.

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Adele E. Leighton  
Assistant to the Executive Director

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability, should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.